

## Request for City Council Action

Date: April 22, 2002

To: Council Member Lisa Goodman, Community Development Committee

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Approved by: Chuck Lutz, MCDA Interim Executive Director \_\_\_\_\_

**Subject: Designation of a "Targeted Neighborhood" as the Mills District/  
Downtown East Industrial Development District to Facilitate  
Redevelopment in the Historic Mills District/Downtown East Area**

**Previous Directives:** In 1999 and on September 14, 2001, the City Council approved the *Historic Mills District Plan* and the *Update to the Historic Mills District Plan*, respectively. On February 2, 2001, the City Council authorized the Planning Department to proceed with the *Downtown East/North Loop Master Plan* process through distribution of an RFP. On May 18, 2001, the City Council approved a redevelopment contract with the Guthrie Theater Foundation in which the City committed to build 1,000 public parking spaces in the vicinity of the planned new Guthrie Theater complex.

**Ward:** Two and Seven

**Neighborhood Group Notification:** Not applicable.

**Consistency with *Building a City That Works*:** The proposed action would authorize the City to use port authority powers to achieve a variety of objectives in the general Historic Mills District and Downtown East areas.

**Comprehensive Plan Compliance:** Not applicable.

**Zoning Code Compliance:** Not applicable.

**Impact on MCDA Budget:** (Check those that apply)

- ☒ No financial impact
- ☐ Action requires an appropriation increase to the MCDA Budget
- ☐ Action provides increased revenue for appropriation increase
- ☐ Action requires use of contingency or reserves
- ☐ Other financial impact (Explain):

**Living Wage / Business Subsidy:** Not applicable.

**Job Linkage:** Not applicable.

**Affirmative Action Compliance:** Not applicable.

**RECOMMENDATION: The Interim Executive Director recommends that the City Council adopt the attached resolution determining to exercise port authority powers and designating a targeted area as the “Mills District/Downtown East Industrial Development District.”**

### **Background/Supporting Information**

The City of Minneapolis and Minneapolis Community Development Agency (MCDA) have been actively working for some time on the redevelopment of the area now generally known as the “Historic Mills District,” i.e., from Third to 11<sup>th</sup> avenues and Washington Avenue to the Mississippi River. To help guide these development activities, the *Historic Mills District Plan* was approved by the City Council in 1999 and the *Update to the Historic Mills District Plan* was approved in 2001. Another area of significant redevelopment activity is anticipated around the Downtown East light rail transit station. The Downtown East/North Loop master planning process now under way will help guide future redevelopment on the downtown side of Washington Avenue, from generally Third Avenue to I-35W.

Major redevelopment efforts such as these typically involve activities by the City and MCDA that are undertaken pursuant to a variety of legal authorities. Much of the MCDA’s work in the Historic Mills District has been completed using the MCDA’s ability under state statutes to act as a “housing and redevelopment authority.” In order to finance public parking facilities and other public facilities, the City of Minneapolis may choose from several bonding authorities established under charter or state statute, with the appropriate choice depending upon the project location, cost and revenue sources. Recent parking projects have been financed using charter bonding authority (Downtown East ramp), tax increment general obligation bonding authority (Target Store and Tenth and Washington ramps), special assessment bonding authority (Walker ramp) and port authority bonding authority (Hawthorne Transportation Center).

In order to give the City additional flexibility to undertake and finance various types of public facilities to support redevelopment of the Historic Mills District and Downtown East, this report proposes that the City Council adopt a resolution that would allow the City to act as a “port authority” in an identified qualifying area. Among other things, this would allow the City to finance parking or other public projects that exceed the \$15,000,000 limit established for bonds sold pursuant to the charter and that do not fit well within the other types of bonding authority that legally may be used to finance public projects. For example, construction of the 1,000 space public parking facility that the City has committed to build under the City/MCDA/Guthrie Theater Redevelopment Contract could be financed using port authority powers.

State statute provides that a city may exercise port authority powers in a “targeted neighborhood” that meets at least two of three specific statutory tests related to median household income, unemployment rate and structure age/condition. A designated “targeted neighborhood” is considered an “industrial development district” under the Port Authority Act, thus allowing the city to exercise port authority powers. Until the 2000 census tract data becomes available for these categories, statute provides that 1980 census data be used to determine eligibility. Census Tracts 46.02 and 47 cover

the majority of the Historic Mills District and Downtown East areas (see attached map), and the census data for the two combined tracts meets the statutory tests for unemployment rate and median household income. The proposed Council resolution summarizes the public purposes to be achieved through redevelopment of the Historic Mills District and Downtown East areas, states that the City desires to exercise port authority powers pursuant to state statute, makes the necessary findings that Census Tracts 46.02 and 47 meet the eligibility criteria for a “targeted neighborhood,” and designates these two census tracts as the “Mills District/Downtown East Industrial Development District.”

It should be noted that adoption of the attached resolution provides the City with a possible legal/financial tool, but does not commit the City to actually exercise port authority powers for any purpose or project within the designated area. Staff would return to propose additional actions for Council consideration when and if it is deemed appropriate to exercise port authority powers to undertake or finance a public project in the area.

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**Determining to exercise port authority powers with respect to the Historic Mills District and Downtown East areas; and designating a targeted area as the Mills District/Downtown East Industrial Development District**

RESOLVED BY THE CITY COUNCIL OF THE CITY OF MINNEAPOLIS

SECTION 1. AUTHORIZATION AND FINDINGS

1.01. Purposes. The City has been completing land use plans and preparing for future public and private redevelopment activities in the areas generally known as the “Historic Mills District” and “Downtown East.” Among the goals of this redevelopment are: a) the continued redevelopment of the Historic Mills District area through the installation of public infrastructure, the provision of public parking and the assemblage of sites for redevelopment in accordance with the approved *Historic Mills District Plan* and *Update to the Historic Mills District Plan*, and b) the encouragement of appropriate transit-oriented development around the Downtown East light rail transit station in accordance with the North Loop/Downtown East Master Plan process currently under way.

1.02. Exercise of Port Authority Powers. Pursuant to Minnesota Statutes, Section 469.078, Minnesota Laws 1980, Chapter 595, as amended, and Minneapolis Code of Ordinances, Chapter 417, as amended, and Section 422.110f, the City, acting through this Council, is authorized to exercise the powers of a port authority under Minnesota Statutes, Sections 469.048 to 469.068, as amended (the “Port Authority Act”). Section 469.055, subdivision 6, of the Port Authority Act authorizes the City to acquire, purchase, construct, lease and operate transportation facilities needed or convenient for handling passenger traffic. Section 469.059, subdivision 2, authorizes the City to acquire, hold, lease and dispose of property to promote development in an industrial development district established pursuant to the Port Authority Act. Section 469.059, subdivision 16, authorizes the City to operate and maintain public parking facilities and other public facilities to promote development in an industrial development district established pursuant to the Port Authority Act. This Council hereby determines to exercise the powers of a port authority under the Port Authority Act in connection with the implementation of the approved *Historic Mills District Plan* and *Update to the Historic Mills District Plan* and the pending *North Loop/Downtown East Master Plan*.

1.03. Targeted Neighborhood Designation. Minnesota Statutes, Section 469.205, subdivision 1, provides that a city may exercise any of its corporate powers, including its powers pursuant to the Port Authority Act, within a targeted neighborhood, and that, for the purposes of the Port Authority Act, a targeted neighborhood is considered an industrial development district. Minnesota Statutes, Section 469.202, subdivision 1, provides that a city may by resolution designate targeted neighborhoods within its borders after detailed findings that the designated neighborhoods meet the eligibility requirements of Minnesota Statutes, Section 469.202, subdivision 2. Census Tract Number 46.02 and Census Tract Number 47 are hereby designated as a targeted neighborhood (the "Targeted Neighborhood"). The following findings are hereby made by this Council with respect to the Targeted Neighborhood: (a) as of the date of this resolution, information regarding unemployment rates and median household income by census tract is not available from the 2000 Federal Decennial Census; (b) the unemployment rate for the Targeted Neighborhood as determined by the 1980 Federal Decennial Census was more than twice the unemployment rate for the Minneapolis St. Paul Standard Metropolitan Statistical Area (8.4 percent for the combined Targeted Neighborhood as compared to 4.0 percent for the Minneapolis St. Paul Standard Metropolitan Statistical Area); (c) the median household income for the Targeted Neighborhood as determined by the 1980 Federal Decennial Census was less than half the median household income for the Minneapolis St. Paul Standard Metropolitan Statistical Area (\$4,974 for the combined Targeted Neighborhood compared to \$20,699 for the Minneapolis St. Paul Standard Metropolitan Statistical Area). The Targeted Neighborhood is hereby designated as the Mills District/Downtown East Industrial Development District.